

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6123

BILL NUMBER: SB 196

NOTE PREPARED: Dec 3, 2014

BILL AMENDED:

SUBJECT: Proprietary Educational Institutions.

FIRST AUTHOR: Sen. Yoder

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that a postsecondary proprietary educational institution that: (1) is domiciled and has its principal offices and the majority of its operations in Indiana; (2) provides an organized two-year or longer program of collegiate-level classes that are directly creditable toward a baccalaureate degree; and (3) is authorized to conduct business by the Board for Proprietary Education and is accredited by a regional accrediting agency recognized by the United States Department of Education; is an approved postsecondary educational institution for purposes of higher education awards and receives awards at the same level as a four-year state educational institution. It makes corresponding changes to related sections.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Summary:* The bill could, in the future, increase the state higher education award a student could receive who is attending a qualifying postsecondary proprietary educational institution. If the increase in eligible costs would cause expenditures for higher education awards to exceed the appropriation for these awards, the awards would be reduced so that expenditures do not exceed the appropriation.

Additional Information: According to the Commission for Higher Education, no postsecondary proprietary educational institution currently meets the requirements of the bill (i.e., being domiciled in Indiana with its principal offices and the majority of its operations in Indiana and accredited by a regional accrediting agency). There are 10 postsecondary proprietary educational institutions that are accredited by a regional accrediting agency but are not domiciled in Indiana.

The maximum higher education award is \$3,900 for a student attending a postsecondary proprietary educational institution and \$4,500 for a student attending a state educational institution.

Harrison College is domiciled in Indiana, but presently is not accredited. Harrison College is in the process of becoming regionally accredited. If Harrison College becomes regionally accredited, higher education awards could increase by \$0.8 M to \$3.2 M, depending on the utilization of awards by students. For state educational institutions, students utilize about 59% of offered awards, but the utilization rate drops to 39% for proprietary educational institution students.

For FY 2014, 5,238 students received about \$8.7 M in higher education awards to attend postsecondary proprietary educational institutions, for an average of \$1,676 per student.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Board for Proprietary Education.

Local Agencies Affected:

Information Sources: Sarah Ancel, Commission for Higher Education, 317-464-4400.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.